

# FISCAL NOTE

## HB 3221 - SB 3240

February 19, 1998

**SUMMARY OF BILL:** Increases the formula used in calculating a teacher's retirement allowance by substituting 1.5% with 2%.

### ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$196,110,000 Annual Amortized Cost**  
**Increase Local Govt. Expenditures\* - \$130,740,000 Annual Amortized Cost**

Estimate assumes:

- Total lump sum liability to state government of \$2,028,618,000
- Total lump sum liability for local government employees of \$1,352,412,000
- Annual amortized cost assumes a 20-year amortization of the lump sum liability
- K-12 teachers with a 60%-40% ratio between state and local funding
- Employer contribution rate for teachers will increase from 5.47% to 20.38%

\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

**HB 3221 - SB 3240**